

MINUTES  
ECONOMIC DEVELOPMENT &  
RENEWABLE ENERGY STRATEGIES COMMITTEE

**March 16, 2011**

A meeting of the Economic Development & Renewable Energy Strategies Committee of the Council of the County of Kaua'i, State of Hawai'i, was called to order by Councilmember Dickie Chang, Chair, at 3371-A Wilcox Road, Lihu'e, Kaua'i, on Wednesday, March 16, 2011 at 9:27 a.m., after which the following members answered the call of the roll:

Honorable Dickie Chang  
Honorable Nadine K. Nakamura  
Honorable Tim Bynum  
Honorable Derek S. K. Kawakami  
Honorable JoAnn A. Yukimura  
Honorable Mel Rapozo, Ex-Officio Member  
Honorable Jay Furfaro, Ex-Officio Member

The Committee proceeded on its agenda item as follows:

EDR 2011-02      Communication (3/10/2011) from Councilmember Bynum, requesting the Administration's presence at the March 16, 2011 Committee Meeting to discuss the rules, issues and operations of the Sunshine Markets.  
[This item was deferred.]

Mr. Chang:      Thank you Madam Clerk, I do understand that the written testimonies have been circulated. We're going to suspend the rules. Is there anyone in the audience that would like to speak on this agenda item? Thank you very much. You can please come forward ma'am and if you could please pull the microphone close to you and recognize your name for us please.

There being no objections, the rules were suspended.

ERICA HAHN:      My name is Erica Hahn and you have my testimony in front of you. I spoke at last week's meeting, so some of this is reiteration, but since speaking to other farmers, there were some things I wanted to add to my testimony. Will current farmer vendors be allowed to sell value-added products?

Can new vendors be added to sell only value-added products? In other words, all they are selling is honey, for instance, not vegetables and fruits and where do honey and eggs fit into that. Must items be made anyway certified kitchen and if so, how will you enforce this? Not everyone has that access. In terms of Kaua'i made logo being required to sell, can you require a specific percentage of ingredients to be locally sourced? Maybe first from the County and then Statewide. This would ensure supporting local farmers and growers and would also follow the current permit rules for farmers, supposed to be selling only locally grown produce.

Then how will you make room for value-added vendors if markets are full, where will you place the new vendors? Will you remove current vendors and how will you choose them? Will you start with removing unlawful vendors and if not, will you expand current location or change to a different venue? Several months ago, I was told by the OED there is a process in place to remove unlawful vendors but it's costly and time consuming for the county, which is a concern. One thing I came up with is what if the permit fee is increased and/or you charge vendors per market, maybe \$10 or \$20 per market that they are there and those fees could be used to maybe fund enforcement of researching and removing vendors. One way to ensure this is a stipulation to tour their facilities and use funds collected. Will you require that you can only be a vendor if you grew it or made it yourself on Kaua'i? So no middlemen, so to speak. Currently there are some vendors selling fruit that they buy from other farmers at wholesale price and turn around and mark it up, which is unfair to orchard farmers, who are doing all the work themselves, trying to get a fair profit for their hard work, and that would sort of follow along with the added value products.

Have you considered the potential for increased vehicle traffic at the markets? Possibly once locals learn that they can get these added value products for a lower rate directly from the producer, they may start coming more, which is great for the vendors, but potentially could be a traffic concern. So I know it's about value-added products, but all of these things relate to it and came up to me and other farmers that I talked to and it seemed timely to address things that are not specifically value-added, but relate to it in a different way. That is all.

Mr. Chang: Hold on for one second okay, Erika. Does anyone have any questions for Erika? Councilmember Bynum.

TIM BYNUM: Good morning and thank you again for being here. I just wanted to say that you are asking really good questions. Some of which I hadn't conceptualized and that is what is great about public testimony. The reason for the posting today, separate from the bill is just what you just said. That in order for us to consider this, I think we have to talk about things that have a nexus, but may not be directly related to the bill. So the purpose for that posting is that we're not constrained in our discussion about farmers market to just the elements of the bill, but can bring in other issues. I wanted to say that is why this is on here and I hope we keep it on while the bill is being discussed. So we don't get trapped in this, "oh, you can't talk about that because it's not in the bill," because I don't know that we're ready to answer all of those questions, but some of them we're getting responses from the administration, which we just received today, so we haven't digested them yet. Thank you.

Mr. Chang: Thank you Council member Bynum. Councilmember Yukimura.

JOANN YUKIMURA: Yes I want to also thank Erika for asking some very good questions that we would be wise to answer before we pass the law and it's good to have her as part of the conversation and exploration of the issues and what we need to do that would best serve agriculture and our farmers.

Mr. Chang: Thank you Council member Yukimura. Any further questions? If not, Erika, if you can make yourself available in the audience I see our Director of Office of Economic Development. I'm not sure if George Costa is coming up to testify but he might be able to answer some questions, and then of course we will get our staff to get some of the answers that you have requested, so thank you very much Erika, any other speakers in the audience? Thank you, Mr. Mickens.

GLENN MICKENS: Thank you Dickie for the record Glenn Mickens. I just want to sincerely thank these hard working vendors for all the hard work they do to come to these Sunshine Markets. One of our best friends Steven Ruiz grows lettuce, he and his wife, and it's a back breaking job and it's the best lettuce on the island in fact, but I really appreciate these people, what they do and the amount of work they go through and anything that this Council or anybody can do to help them I would appreciate. Thank you, Dickie.

Dickie Chang: Thank you Mr. Mickens, Mr. Mickens hold on please. Does anyone have any questions for Mr. Mickens? If not thank you very much. Anyone else wishing to testify? Thank you, Mr. Taylor.

KEN TAYLOR: Chair, members of council, my name is Ken Taylor. As you recall at the last time this was on the agenda, I raised some issues about some product that wasn't on the list at that time, and was told that there would be some answers forthcoming. So, again, I would just like to say that eggs, quail eggs and honey should be part of the mix of this as we move forward. And as I said, value-added had to be a minimum of 50% of what I said, and since then I have been contacted by several people that feel that 75% would be a minimum of locally grown product in a value-added product. And the other thing that needs to be dealt with is better policing of the markets and it's well-known in Kapaa that people are selling items that are imported from Thailand and that is completely against the rules and regulations and even though everybody knows about it, nobody seems to be taking the necessary steps to put a stop to it. So I think that in all markets, back on the mainland, I participated in the farmers market for over 15 years. And I know and understand the policing problem, but we literally had to go to a situation where we actually had somebody going out and visiting the farms and looking at crop productions. It became a necessity, because of when it comes to making a buck, people tend to push the line wherever they can. And it needs just human nature and a good policing policy has to be part of the whole mix. Thank you.

Mr. Chang: Thank you Mr. Taylor, any questions for Mr. Taylor? Thank you Mr. Taylor, I beg your pardon, excuse me Mr. Taylor, Council member Nakamura.

NADINE NAKAMURA: Hi Ken, you mentioned seventy five, did you mean seventy five percent of the total inputs into the locally grown products?

Mr. Taylor: Seventy-five percent of a value added product must be grown in their operation or produced in their operation.

Ms. Nakamura: Okay, thanks for clarifying.

Mr. Chang: Thank you Mr. Taylor, any other members of the audience? Mr. Heacock.

DON HEACOCK: Good morning Chair Furfaro, Council members, I wasn't intending to testify on this but I want to echo what Erika and...

Mr. Chang: Don excuse me, can you formally introduce yourself please.

Mr. Heacock: Don Heacock, I'm wearing my taro hat and I'm speaking not only for taro farmers, but for humans in general, because there is another component we're not talking about here. Johns Hopkins University Medical Center went publicly last week with the fact that cancer and other diseases are just a manifestation of dietary deficiencies and cellular and some of us knew that. Campbell produced a book called "the china study," that stated the same thing. Now we have one of the largest conventional hospitals in the world stating the same thing. This is profound. This means we need to get back to eating organic food that is not contaminated with many kinds of chemicals that are in our ground waters here on Kaua'i and in our foods. When Ken talked about food coming in from Southeast Asia, when you realize that many of the chemical companies, when many pesticides were banned here 20-30 years ago, they were sent to those developing countries. And if you go to [environmentalworkinggroup.Org](http://environmentalworkinggroup.Org), you can see the contamination. Thank you, ladies and gentlemen.

Mr. Furfaro: Excuse me I will fill in for Chairman Chang. Is there anyone that has any questions for Mr. Heacock?

Mr. Chang: Thank you Chair. if not, thank you Donald.

Mr. Heacock: Thank you.

Mr. Chang: Any other members here to speak? Mr. Costa, please.

GEORGE COSTA: Good morning, Chair Chang and Council members. For the record George Costa, Director for the Office of Economic Development, and Bill Spitz, our Agricultural Specialist in the Office of Economic Development. I provided some information for the council as a response to council member Bynum's request, as well as council member Nakamura's request on some of the questions that have come forth and presented that this morning. I know most of you haven't had time to read through it or digest it, but I just wanted to mention that within the office of Economic Development, Bill Spitz and I have been reviewing many of the concerns that have been raised at least for a couple of years now. I know there is a lot of, I guess, concern of products being sold in the markets. I have been to the markets. I don't profess to be a farmer. I tried starting a garden, but I have to defer to my wife. But anyway, as I go to the markets, I hear the comments about certain things not being grown, but imported or bought. And my understanding and I could be corrected by our county attorney, is that the director for the office of economic development has the authority to remove vendors that are not in compliance.

One, I guess, challenges or concerns, is that in order for me to do that, I need absolute proof. Right now I believe and I could be corrected, I don't have the policing authority to enter the property and inspect the farms to verify what produce is being actually grown. And I am not sure if those that are saying that they know of certain vendors buying produce, say from Thailand, would come forward. I know one of the suggestions is to look at some of the rules in the Davis market, which I have reviewed and I find excellent, because it does give the market manager the policing power let me back up. When a vendor applies to sell in the market, they have to go through a review committee and also the market manager will review a list or inventory that that vendor is planning to sell. What produce that they plan to sell that is supposedly grown on their farm and the market manager goes to that farm and verifies it's actually being grown there. That is something that we should seriously look at.

Right now between Bill and myself I'm not sure we have the time or the resources to do that between the two of us. But if it's that important, we need to find the means of being able to do that. That way we can verify that those items are truly grown on Kaua'i. Some of the suggestions that Miss Hahn proposed are good ones. Such as those selling illegal could be removed from the markets and create space for the value-added. There are those vendors that may be selling produce, maybe 75% of what they are selling they actually grow and maybe they bought pineapple and are selling pineapple. So even though a good portion of what they are selling they grow themselves, but if they are truly a violator, we may start with them and having those vendors removed from the market.

As far as the venues themselves. Initially before I became the director for the office of the economic development, I hadn't visited all the markets. I have since visited them. You have Lihu'e and Kapa'a at the New Town Park and Kilauea and Kalaheo. So that is going to be a change if we want to expand the market. I don't know of too many other county times that would provide not only restroom facilities, but parking, because that is an issue. I know that I want to thank you council member Yukimura for starting the market years ago and it started with humble beginning and it was to help promote locally grown produce and local farmers sell their produce. As the population is increasing, the notoriety of the farmers market, especially with our visitors, you could go to the Kapa'a market on any Wednesday and the traffic is horrendous. So that is another issue we have to address. A lot of these concerns can be addressed but it's going to take additional manpower and resources. So our solutions won't be easy, but there are solutions out there. As far as the value-added side of things, you know, we have drafted some administrative rules. We're probably only 50% through in looking at the Davis Market rules. They have got, I believe, 16 pages of rules, which I think are excellent. So we could really be looking at your market going from three or four pages to a 16-page rule to really be concise and help us through this process. Also, there is a hearing process if that there is someone in violation, like the Davis rules lay out, you have to go through a hearing process. Violator goes before the Davis Farmers Market board for review, and that whole hearing process would take some resources, manpower, as well as I

would think some money to do that. So one of the suggestions was to raise the fees. I know, again, getting back to the intent of the market is to have a venue where locally grown produce can be sold at a very reasonable price. If we're going to start tacking on administrative costs to really make this a fair market, it may raise the price of doing business in the market. As far as value-added we were looking at 51%. Mr. Taylor suggested 75%, but we need to look at what percentage we need to help value-added product-makers. When you start to look at baked goods, we have many ingredients. We don't grow wheat here on the island and flour is a big component of that product. So that would be a challenge to work through. So anyway, with Miss Hahn, I know she has applied with our office, primarily for the Kilauea market and I spoke with the coordinator, and that market is full. I have seen his wait list, which I believe Miss Hahn is second on the wait list. So hopefully there is some opportunity for her.

I visited the Kalaheo market and there is lots of room, but if you are living on the north shore and there is room at the Kalaheo market that might not work either. So we have our challenges in front of us in trying to do the best for the people of Kaua'i and for our farmers. I have Bill Spitz here. Do you have anything to add, Bill?

Mr. Spitz: One thing I would want I'm sorry. I'm Bill Spitz, office of economic development. Pardon the voice, the wind and dust affects it. The market has been operated for 30 years through the kindness of our coordinators at the local markets. And we're having trouble replacing... we have a long time person retiring after 30 years. We have one coordinator who handles four markets. So we are strained. This program has been delivered at virtually no cost to the county of Kaua'i, and that is where we are now and that is where some of our problems come from and why we would have to look at resources. I would add to what George said that the Davis markets rules which we have had for a while and looked over and picked over are very good, but I point out to the council that the city of Davis doesn't operate that market. It's operated by a foundation and not-for-profit that is set up to do that. I can provide you with that ordinance, if you care to look at it. It's very sophisticated, as you would expect. UC Davis is one of the major agricultural colleges and it's in a very important agricultural area with three or four counties around it. It doesn't mean we can't aspire to it, but we can't aspire to it under our current level of operations. Having said that, I will shut up and sit back.

Mr. Chang: Thank you Bill, any questions for either George or Bill?  
Council member Bynum.

Mr. Bynum: Thanks for being here today. We spoke earlier and part of my intent to post this was I knew the bill before us would bring a lot of this to the floor. I wanted us to be able to have a complete dialogue about the sunshine market. So a few questions now, but I think this will probably be over a series of at least one more meeting, maybe more. Because it is complicated. A couple of questions come to mind I read a study commissioned about value-added products. What was the year

of that study? Do you recall?

Mr. Spitz: 2007.

Mr. Bynum: 2007, so this isn't a new concept. It's something that we have been working on and I really applaud council member Kawakami for bringing some energy to bring it to the floor because the concept of, from the farmer to the local merchant has never been more popular, more necessary or more important. But we have all known that there are these complicated issues. You have done a great job of outlining them, George. What I heard you loud and clear two or three times is that this is going to take time. We're going to do it more sophisticated and we're going to address these issues and it will take time and energy and maybe some dollars. I heard Mr. Spitz talk about non-profit involvement and that is something that I would encourage you to explore. You know there may be non-profits that currently exist on Kaua'i that would really like to take on this challenge in partnership. I don't think it comes up with the union issue. It's not something that county workers are currently providing, so it won't be a privatization of anything. And I don't think we're going to get into it today, because the bill is going to need some more discussion. But you have outlined in the written response some of the challenges. If your market is full and you want to do value-added products, does that bump somebody? If you are on a waiting list, some of these people have had their stalls for years, could you be on that list forever? These are complex issues. In 2007 we were contemplating it, so it's good we're at this stage.

Mr. Spitz: To respond to that question, currently, there are, I believe, five private farmers markets, private farmers markets that are offering value-added. One of which is the KCC market that I attend most of the time. So as usual, the private sector has trumped the government in terms of delivering that.

Mr. Chang: Mr. Spitz, I'm sorry...

Mr. Spitz: I have a problem with my voice.

Mr. Chang: No, no I understand, but if you bring the mic a little closer I think that could...

Mr. Spitz: Is that better?

Mr. Chang: Yes, thank you.

Mr. Spitz: There are five farmers markets operating on Kaua'i now that do have processed products and probably the largest of which and I'm guessing because I don't get out to the north shore is the Kaua'i Community College market run by the Farm Bureau which also does one at Kuku'i'ula. Waipa foundation has one and there's one in the Wai'oli Park in Hanalei and I have forgotten where the

fifth, where the other one is. We also have the question of what do we do with respect to the existing environment out there and what the impact of what we do beyond that? It will deserve more discussion, perhaps, down the line. But I think just to point out that we're not operating in a vacuum all by ourselves with this thing with respect to farmers markets.

Mr. Chang: Thank you Bill. Council member Yukimura, you had a question?

Ms. Yukimura: Yes. Thank you very much George and Bill for the work you are doing. You know, the sunshine market did start out very humbly at Wilcox Elementary School parking lot one market, you know and it's grown and times have changed in terms of our understanding of the value of locally-grown food. So there is a real desire and demand for fresh, local food and we can see that in the response and the growth of the sunshine markets. So our success is breeding new challenges and that is common and you know, we should be thankful for the success. It feels like we're at another stage and it feels like sort of a time to really look at what the next form and operation of the Sunshine Markets are going to be. So it feels like sort of a time to do in council member Nakamura's word "an expertise substrategic planning," about what is the next level and next step we have to move to and it's going to be change. Part of it is with all these other private markets developing, what will that do to our sunshine markets? I don't know if there's an impact and I see you nodding your head so I would like to hear your input on it so I will finish up here quickly. It sounds like and I commend you for drafting new rules, because I think it's time for new rules but perhaps you know, gathering a group of people together, stakeholders, and saying okay, what's the next level and considering, gathering all the information like the model that Davis presents and then having people brainstorm and share ideas and maybe then developing a strategic plan for the next level of sunshine markets. Because I think we're outgrowing our places, we may be outgrowing the one day a week idea. You know? We have the model of the Davis is on Saturday so that is one day a week and that is a lot to put on.

There might be some opportunity for a Pike Street Marketplace, someplace in our commercial areas where it will support the surrounding businesses and also support customers by having weekly availability. So there's a lot of potential and possibilities and it may take some leadership and management on your part to create that venue for discussion and thinking to come out at the end with sort of a long range goal that you won't get to right away. But you can move towards and it will give a sense of direction to all of us in terms of what is going to happen.

Mr. Spitz: I was going to answer your question on the competition. The one market that has been affected noticeably is the Lihu'e market which has competition from the one I forgot the Kukui Grove market on Monday and Kaua'i Community College market on Saturday. So we've seen a reduction in the sales of that one, however, as a practical matter, since we're concerned about the farmers' welfare, I think overall sales has risen as a result of these markets. So I think we're



no longer the only market in town and have to look at it perhaps as a not necessarily holistic point of view, but we have to look at the overall environment.

Ms. Yukimura: Yes and don't you think that the operations that depend on good rules and clear management could be affected if there continue to be, if the problems at sunshine markets, whether it's parking or unequitable distribution of slots or whatever, will start. I mean there's a danger of the markets going downhill. If there are other really well-run private markets and then there is just the inherent issues of fairness in terms of why should someone be able to sell produce off-island when someone who has local produce doesn't even have a place in the market? That's what I guess what we call "integrity," or "Pono," and when that starts to go down, a lot can start happening. My question is how does Davis fund its market? The management of the market so that it can continue?

Mr. Spitz: I was not able to find an IRS 990 for the organization that does it so there is a Davis Farmers Market Foundation, but I don't think that's the one that operates the market but they charge fees. That is their principle source and I have a very interesting case study done in the year 2000, and at that time the market paid the City of Davis \$1000.00 a year for electricity and handled the clean-up so they had free use of the facility, in essence, except for a minor cost to them and I believe the rest of it was charged. They have 85 members and in the Year 2000 they had a waiting list for 15 years. George mentioned earlier there's a certification process done by the California Department of Food and Agriculture. Before you apply to Davis you are certified and listed your crops, where you grow them and they have inspected them and you get a permit from the Yolo County Commissioner of Agriculture. So there's a very strong agricultural infrastructure that vets people before they ever arrive at the Davis Farmers Market. I'm inclined to think that the California Department of Food and Agriculture is as big as the Government of the State of Hawai'i, I could be wrong, but it's large.

Ms. Yukimura: Well yes I mean we're different from Davis and maybe a simpler certification process might work. Davis does allow these food booths where they sell ready-to-eat food, so that is where the electricity comes in so we do have differences. I guess the main thing would be a set of rules by which things could work for everybody. And so I know we don't want to have fees that are onerous, but is there a level of fees that would work to support the market? Because you're right, Bill and I know there's these valiant, amazing citizen-volunteers like Jack and Nancy Blalock, who have for years have voluntarily done the management of these markets, gone and collected slips and made sure everybody had insurance or their scales, whatever. And I don't think we're going to find people like that to continue it so this is going to be in the interest of the farmers. How do we keep that market going in a way that is fair and supportive?

Mr. Chang: Excuse me Council member Yukimura, what I would like to do is there are a lot of questions, but I would like to move it on because council member Rapozo has been waiting. I think a lot of people have different things on

their minds.

Ms. Yukimura: Sure, alright.

Mr. Chang: If I can please ask you if you wouldn't mind yielding just for a few seconds and I will bring it over to council member Rapozo.

Ms. Yukimura: Of course.

Mr. Chang: Thank you,

Mr. Rapozo: Have we been in dialogue with the Farm Bureau or any other organization, Farmers Association or organization that may want to take on the challenge of taking over? I think before you answer that, let me give you my reason why. Because I think to take the Davis Rules without the Davis structure, it's not going to work. Davis is an entirely different animal. They have a structure in place that does that. So to steal their rules or borrow their rules and try to force it into our county structure that's not going to work we just don't have the manpower and I think to even suggest creating funds for this operation at this fiscal time I think it's not going to work either. So you know how sometimes you are so successful you work yourself out of a job? I think that is where the county is at now?

We have come to the point where this County cannot handle. We should not be in competition with any other private Farm Fair or Sunshine market. We have done our job, the county has done their job and created this wonderful thing and now it's time to hand it off and let the private sector take care. One of the complaints that come in and the reason why they don't come forward to complain is because nothing gets done. They will call and make a complaint to the coordinator and say that fruit isn't from here. That is a Dole pineapple or that orange came from California and nothing gets done and pretty soon you cause dissension among the farmers, so they don't say anything. If the farm bureau had control and self-policed themselves, I think that would take care of themselves. Yes, there is going to be some cost, but there is a cost of doing business. Back to my question, has the farm bureau or the Farmers Association on Kaua'i been part of the discussion and maybe even suggestions that they eventually take over the sunshine market?

Mr. Costa: I know we worked very closely with the Kaua'i County Farm Bureau and they are managing both the Kaua'i Community College market and the Kuku'i'ula market right now. I know they have their challenges with manpower and a lot of the members are up there in age too like the Blalocks so they need a new blood that can help them but there is other organizations like Malama Kaua'i and some others that may be interested in managing the markets, so that is a good suggestion.

Mr. Rapozo: I mean because it's not vital that the County maintain control of the Sunshine Markets. I mean is that accurate, is it necessary for the County to be the sponsoring agency? I think we're not equipped for it and I think that you know we've basically outgrown the County's Management ability.

Mr. Costa: Well that's very well stated and like Councilwoman Yukimura said, we have growing pains and we're at the crossroads right now where we've outgrown ourselves and need to look at other organizations that can help us. Definitely as you mentioned just by listening to the news as we speak about our economy and what's happening around the world, we need to be creative in how we can come up with ways to grow the market but not as a cost to the County or the Farmers.

Mr. Rapozo: Right and I guess what I'm asking is that dialog continue and I don't think, I mean I think there's still room for a subsidy by the County to assist in this transition or whatever but I think to effectively manage the sunshine markets on Kaua'i I think we have to start looking at organizations that have that ability. Thank you.

Mr. Chang: Thank you, any further questions? Councilmember Nakamura.

Ms. Nakamura: I think I would agree with the sentiment expressed by other Council members this morning. I wanted to also acknowledge all of the volunteer coordinators who make the sunshine market system work and it's very difficult, they have given so much of their time and yet to take the market to the next level, enforcement, certification, inspections are really needed to accommodate the demand and the integrity of the market. So it's and we are at that crossroads and I think it's this bill that Councilmember Kawakami introduced has kind of gotten this discussion going and I'm just wondering and I think there's a big picture problem that we're all acknowledging and yet the desire to really move in that direction and how do we make that work? So I guess my question is with respect to the concern that a lot of the sunshine markets are already at capacity and not a lot of expansion and would you allow the current vendors to add to what they sell at the table? Or would you focus this value-added products at markets where there is room for expansion? I'm just wondering, what is the best way to implement the intent of this Legislation.

Mr. Costa: Yeah that's a tough call, because those markets that are full I mean that's where the population is, that's where our visitors are, convenient for them and I looked at those venues and I can't see where we can expand because we are bursting at the seams just with parking. That is a good problem, because it's popular so I don't have the answer right now, but you know, as council member Rapozo had suggested in looking at other organizations to manage the markets, maybe we need to look at landowners for another venue that can provide the space.

I'm just kind of thinking aloud.

Mr. Spitz: As a personal point of view, I think that vertical integration from a farmer into a processed product is probably one of the ideal solutions there. In other words, someone who is currently growing something, who gets into the processed product, and what comes to mind, for instance, the goat cheese or taro farmer is vertically integrated and some of these people hold existing permits, so you wouldn't throw anyone out. Beyond that, anyone who is simply a manufacturer of a product and purchasing a farm, agricultural commodity, would require a reduction in the size of some of our more popular markets, Kilauea and Koloa for sure.

Mr. Costa: Can I, something that also came up, again, as I meet with the coordinators and the vendors themselves and just talk story and kind of get their ideas, you know, I have received comments and complaints, not many, but enough to kind of stick in my head is that some of the visitors and residents, like in Lihu'e, are residents that are working, get off of work, 4:00, 4:30, 5:00 and they want to go to the market at the Vidinha Stadium, but by the time they get there, it's done. So right now we have the markets listed as their opening time, but we don't have a closing time. One suggestion was to list a closing time and at least all the farmers have hopefully enough produce to last two hours, so someone getting off work at 4:30, even if they get there at quarter to 5:00 they know that at least there will be vendors there with produce that they can buy. Right now some of the vendors or farmers once they sell out, they leave. That in itself creates a safety problem because once they are in they should stay in place and not get in their car and truck and drive through the market to leave. So that's a challenge we're looking at. Maybe that creates another opportunity maybe there's a way to have shifts, exactly. Those that are on the wait list maybe can come in on the second shift so maybe the market can be expanded for another hour so again with these challenges comes opportunities.

Mr. Chang: Council member Yukimura, before I acknowledge you, I think the Chair, please do you have...

Mr. Furfaro: No I'm not a member of this Committee, when we're in committee meetings, I'll wait for last and you go ahead with your Committee members.

Ms. Yukimura: Okay if nobody else, I think in doing this value-added proposal, we need to think what the main purpose and motivation is for doing it. I think it's to support your farmers because "value added" means longevity of the product and higher value or income for the farmers. So it seems like at least, at minimum, we would allow existing vendors to sell value-added produce that is tied to their produce or their farm. And that would be people, like Louisa Wooten or somebody making kim chee with their won bok or you know, because if you don't tie it to their farm you will have all these value added vendors that will start asking

these vendors to sell third party products and it could conceivably outweigh over time any fresh produce. So you have to watch that we don't deviate from the original goal of the market which was to encourage fresh produce from farm to consumer and then to enhance it with value added products. So I guess I'm asking for your thoughts about and I think Bill said you personally do agree to the vertically aligned but in establishing the rules for this don't you first have to establish the farmer that it is a farmer? And how would you do that?

Mr. Costa: The only way I can think of is like I said, inspecting the farm. It will entail a lot of work initially but for the long term and once that's established that that person is a valid farmer or vendor. Many of those that are currently vendors have been on that list for years so again it will be an initial push. Say for the first year you know everybody reapplies, those that are established basically it's more of a verification process and once they're verified and certified then we move forward. But in the case of the value-added, you know, and I posed this question yesterday to some of the vendors in Kalaheo about value-added and they say they barely have enough time to grow the produce and sell it as opposed to now start making value-added products so there are those that have that drive and that initiative and others just want to sell their produce and get home and get back to the farms. So again, a lot of opportunities.

Mr. Chang: Thank you, any other questions from members? If not? I'm sorry, go ahead Council member Nakamura.

Ms. Nakamura: I'm sorry I have one more question for George. You know the current bill before us gives you the authority to set the number of permits for value-added products at a ratio of no more than 1/8th of the total vendor stalls available for each market and I just wanted to ask if you believe that, that is a workable percentage? And would you want more flexibility? Or does having a set percentage work?

Mr. Spitz: That was my mischief; it comes from looking at the list from the Hawai'i Farm Bureau Association Markets in Honolulu, which do allow processed products. What it shows is a 50/50 split between what I can identify on paper more or less as farms and the processed products, but through some information I have, I know the income does not run that way. You have a 50/50 split and Kapi'olani, it's about 30 farms and I will be happy to give you the list and 30 more processed prepared food providers and that type of thing. The reason I say the income doesn't run that way is that the largest vendor in that market, in the four markets is a bakery that reportedly we don't need to do the figure here, but by far and away the largest grocer in the market. The demographics are different also for the Kapiolani, Mililani, Kailua, and the other one. So there is a concern that a market of 68,000 residents and 12,000 visitors. So how far in effect can you go? There was a concern that that might not and then we become a market that has gravitated away from the farm and more towards the other. That limit was arbitrary and it could be changed at a later time, but it was in doing the move, if

we're going to do it, you have to have a point that people can catch their breath and take a look at what is going on. That is the reason.

Ms. Yukimura: You have to have a point at which?

Mr. Chang: I'm sorry, Bill, can you repeat what you just said?

Ms. Yukimura: Thank you.

Mr. Chang: You faded out at the end.

Mr. Spitz: Oh, that the initial... the one out of eight permits was something that we looked at and felt if we had to do it, what would be feasible? At what point would we stop and take a look at what we were doing? If we just said we're going to take processed products until we took all of the (inaudible) of the market and made room for the processed products, we would have a problem that way. I was trying to put a phase line into the ordinance and it was purely arbitrary. It would be the council's call. I'm trying to explain why it's there.

Mr. Chang: Do you have any more questions, council member Nakamura?

Ms. Nakamura: Do you think this gives you enough flexibility? Are you just willing to come back if it doesn't work, come back and revise and amend the ordinance?

Mr. Spitz: I think that is correct.

Ms. Nakamura: Thank you.

Mr. Chang: Any further questions? Council member Yukimura?

Ms. Yukimura: Just as a follow-up, we could also choose to allow it to be addressed in the rules. So that you don't have to have it, have to come before the council, but you could do it as an administrative rule-making. And then my other question is that I assume you have the rules for the Kapiolani market? Which is closer to home but also very different because they allow ready to eat foods.

Mr. Spitz: I don't have that. I only have the County operated farmers market, people's open market of Honolulu.

Ms. Yukimura: That's where we started when we first started the markets and I don't know how those rules have evolved. I don't hear very positive things about how those markets are run now. I mean, I guess it could be helpful and even in the Davis rules, I don't think anyone is suggesting that we take them lock,

stock and barrel and we just use them here on Kaua'i. But they have ideas that might be useful on Kaua'i or modified, might be useful in Kaua'i. So I think it's useful to look at them. I think that is all my questions. Thank you.

Mr. Chang: Thank you. If not, Mr. Chair, open it up for the non-committee members thank you.

JAY FURFARO: Thank you, Chairman Chang. I'm a non-member of this committee, but you know George I have to tell you that the markets have been very successful. I think we all agree to that. And we're now at a point that I want to make sure that you know that I am looking for a business plan from the office of economic development. That is your office's role, and that business plan should encompass a period of time and be inclusive of the group that we have now participating in the important ag lands if we want this thing to grow. And there is an opportunity for that commission to exist. And you know as well as I, you start with a mission and you create some values to what this means to the community. And this is a good time for you to be looking at that as we come upon the budget. A lot of things have come up today in Mr. Chang's committee, evaluating the locations, you know. What are we doing exactly about a ratio for added products? And quite frankly, the administrative rules keep popping up. But we do need to understand there are some rules now that don't quite seem to be enforceable or not being enforced. And when was the last time we had a hearing on a violation in the markets? Does either of you gentlemen know?

Mr. Spitz: It was in 2001.

Mr. Furfaro: 2001?

Mr. Spitz: Right.

Mr. Furfaro: So I guess I made my point, Bill. We're hearing of these issues that the community is saying we're deviating from. Perhaps in the short term that's something we need to be more a little more proactive and indicating if we're hearing this number of complaints, it should be triggering a couple of hearing, at least in the year to make sure that people understand. The tail isn't wagging the dog here, we're doing this as a community benefit and I don't mean to offend you Bill, but I'm getting all kinds of emails about fruit that comes in from California and the comparisons of people not able to get into a certain market. If you want to get into a certain market, but we haven't opened any in Kalaheo, maybe you need to go to Kalaheo first and still stay on a wait list to get to another location. Somebody needs to be confirming and establishing those parameters within the group because we want this to be successful. This isn't anything I'm going to be voting on because it's in committee. But when it comes to the full council, I think George you need to be showing us a couple-page outline of a business plan for this to move on and be successful. Even if it means we're severing ties to the county and we have other non-profits that has to be thought out through your office. I have great faith in the

growth of the markets and the success that we can have with having a good strategic plan. I will wait until we get there. What great success, Bill, we have had. I mean there's a wait list to get in, you know. That says it all, to me. So thank you, Mr. Chang.

Mr. Chang: Thank you very much, Mr. Chair. Any other members who would like to speak? If not, Bill and George, thank you very much. Anyone else in the audience wishing to speak to this agenda item? If not, we are going to call the meeting back to order... I beg your pardon. I'm sorry.

Don Heacock: Just, Don Heacock, a couple of points of clarification. JoAnn asked two really important questions, how do you define these people as farmers? The easiest way is that they have a farm exemption on file with the tax office otherwise they're going to pay 10-20 times more than the average person so that would be the first step. There is already a list of those people. The other thing that I want to stress is, we are what we eat, and by serving fresh, locally, organic foods whether they are raw or prepared and ready-to-eat, we're going to get a service to the community. We're not just doing it for our farmers, we're doing it for the community. Thank you.

Mr. Chang: Thank you, Don. Excuse me, Don Heacock, can you come back? Council member Kawakami has a question for you?

Mr. Heacock: Yes, sir.

DEREK KAWAKAMI: Are you saying that everybody with a farm exemption on their tax form is actually farming?

Mr. Heacock: No I'm not saying that, but they should be because they had someone from the county come out to their farm to inspect their farm to get that exemption.

Mr. Kawakami: My question was is everybody with a farm exemption on their tax farm actually farming because that seems to be a challenge that we seem to be wrestling with also.

Mr. Heacock: Well again how I would answer that is when I filed for farm exemption long ago, someone from the county I can't remember which... probably the tax office, came down to see my farm, to see the taro and see the sheep and see the fish pond otherwise they wouldn't have given me that farming exemption.

Mr. Kawakami: Thank you.

Mr. Heacock: Thank you.



Mr. Chang: Anyone else wishing to speak to this agenda item? Thank you, sir.

SIMON PANE Good morning, my name is Simon Pane and I'm from Honi Honi Honey.

Mr. Chang: Excuse me first of all can you put the microphone a little closer and can you repeat your name again.

Mr. Pane: Simon Pane.

Mr. Chang: Simon Pane.

Mr. Pane: Pane, correct. I am here representing Honi Honi Honey and honey producers in general to ask for an exclusion from being classed as "processed foods." Honey is in my opinion no more processed than a coconut. If a coconut is taken from the tree, the husk is taken off and opened and it's a saleable product in the market. Basically we know to do the same similar with honey. We take the honey and put it into a jar, but it's been considered processed foods. I think it's wrong to be put in the same category as cupcakes, which are admittedly are processed but honey is 100% natural food and we can't get into the sunshine markets, we have to wait for the exclusions to come along, which are understandably limited. There is well-renowned health benefits for local people to be able to eat local honey with allergies, asthma, etc... etc... Koloa people at the moment can't buy Kōloa honey in the sunshine market. Ninety percent of the honey is produced in Kōloa and we have to come to KCC and K-mart to sell it. It's crazy, honey in my opinion is not processed. Cupcakes are processed.

Mr. Chang: Thank you. Simon, hold on. I believe there are some questions. Any questions? Mr. Kawakami, thank you.

Mr. Kawakami: Just a question on the processing. In your opinion, honey is just as raw as growing a tomato and picking it? There is no processing? There is no need to pasteurize or process it any more than getting it from the honeycomb and bottling it?

Mr. Pane: Exactly. We are proud of this process and we don't add or take anything away. It's natural, pure, raw honey. Some producers, dare I say on the mainland will take away, will add, heat-treat, pasteurize as you say, but ours is 100% natural as it should be and as people need it and want it.

Mr. Kawakami: Thank you, that is very helpful.

Mr. Chang: Council member Yukimura.

Ms. Yukimura: Thank you for your input here. Are there any dangers for

contamination and health and safety issues with honey?

Mr. Pane: No, it's one of the only natural food products that will technically last forever because it's so high in sugar, it's self-sterilizing. We have to take precautions with the necessary kitchen equipment, etc... etc... but it's not likely or possible it will have contaminants in them.

Ms. Yukimura: Well it just occurred to me as you were talking that you put them in containers, which you don't do produce. I mean I was thinking about the health issues with produce and you have to wash them, but that is something that the buyer has to do. The only issue might be clean containers, which is different from fresh produce.

Mr. Pane: I guess you could say that. It's the same as somebody taking orange juice and putting it into a plastic container and then selling orange juice or coconut milk taking the milk from the coconut, pouring it into plastic container.

Ms. Yukimura: Yeah but the condition of the container is still an added factor.

Mr. Pane: Oh yes, yes absolutely yes.

Ms. Yukimura: Thank you very much.

Mr. Pane: Okay.

Mr. Chang: Any other questions for Mr. Pane? Council member Nakamura.

Ms. Nakamura: Just to clarify, you currently cannot sell your honey at a sunshine market?

Mr. Pane: That's correct. We're considered to be processed.

Ms. Nakamura: So under this proposed bill, you would be considered a value-added product and then could, with a permit, sell your honey at a sunshine market?

Mr. Pane: That's correct. But what I'm asking is that we're able to be excluded, so we don't exclude somebody else from those numbers. We would much rather be excluded from being processed, allowed to come in a sunshine market and leave that space that we might qualify for somebody else that is processed.

Ms. Nakamura: Thank you for clarifying that.

Mr. Pane: Okay, thank you.

Mr. Chang: Mr. Pane, hold on for one second.

Mr. Chang: Did you have a question, Mr. Bynum? Just so you can educate us, how many bee farmers are here and how many people are actually selling honey on Kauai?

Mr. Pane: I think in the region of five that could be considered as "commercial farmers." I think the majority of those sell their products through retail outlets. There are very few actually that sell it as we do, directly in the markets.

Mr. Chang: So as a comparison, are you familiar, perhaps, with how many bee farmers are on Oahu or Maui or people that are commercially selling perhaps?

Mr. Pane: I'm not so certain of that information.

Mr. Chang: So another question, when you bottle it or you jar it or what have you is that all done in a certified kitchen

Mr. Pane: Yes, yes.

Mr. Chang: Ok great. Thank you, Mr. Pane. Any other questions for Mr. Pane? If not, thank you very much. Anyone else in the audience who would like to speak on this agenda item? If not, we're going to call the meeting back to order. My intention is to defer this order. When the meeting is called back to order, any comments?

Mr. Bynum? I think we have opened a can of worms and that is a good thing in this instance that perhaps we're overdue to look at all of these issues that we discussed today. Because I think the way of the world and a lot of people on Kaua'i want to eat more locally-grown produce, want to support farmers, want to realize the health benefits. We live in a complex world where a lot of our food, we have these big federal agencies, the U.S.D.A. and FDA to track food safety issues. And as it turns out, what I'm learning is that a lot of the food safety issues get created by farm inc. By the way we process food and a lot of safety concerns that we hear about in the media are because of that kind of factory food production/farming. Then we have concerns about the safety of bringing the food directly from the farm right onto the table.

And we don't have a big mechanism to deal with those issues. So in terms of the county supporting economic development, I think it's okay for us to use county resources to support entrepreneurship and to support markets in our economy. Our

county spends considerable money every year supporting our no. 1 economic engine, the visitor industry, whether it's through direct support in the last couple of years for marketing or our long-term and very successful kind of events that we put money into festivals and events and cultural events, all of which support us locally. So having the county have a role in increasing economic activity around farming and to expend some revenue and some money on that is a good thing. It's about supporting our local economy. So I'm really fascinated this morning with a lot of the topics that have come up and the ideas that are being expressed. And even though I think it's a challenge and George, you have done a good job of outlining some of those administrative challenges and addressing some of these issues, some of which have been festering for a while. It's an effort we need to make, so I'm optimistic about us wading through that and really providing that support and other options for our community. One last thought, is just I think what Mr. Spitz said was wise. Let's keep the ratio low I mean, if it's 8 and there are 16 vendors, that is two places, but if you went higher than that, and he told us about the danger of shifting from something that supports farm and produce to being something different. So we don't want to throw the baby out with the bath water and lose some of the good things we already have. It's a real balancing act and I appreciate that we've begun this dialogue, but it's going to take a while and some resources too to make it in a way that things get better and not more complicated. Thank you.

Mr. Chang: Thank you, council member Bynum. Any other members wishing to speak? Council member Yukimura.

Ms. Yukimura: Yes, like council member Bynum, I think it is appropriate for the county to have started this and supported this fledgling effort to bring fresh produce to consumers directly. And something that has grown and we do have a responsibility to see how it can best continue and grow. I do share chair Furfaro's outlining of what we hope to see from the office of economic development. I think the county while we should explore the best way to operate the sunshine market and it may be through a non-profit, we can't just drop the sunshine markets. We have to work with the vendors and really look at all the options. For all we know it may be hybrid form of both non-profit and county or all non-profit or still county with certain configurations but we want to keep this good thing going, we want to operate it fairly with purpose and we want to support this effort to become more self-sufficient in healthy foods for our people.

Mr. Chang: Thank you, any other discussion Council members? If not I would like to thank everybody in the audience for your testimony, thank you for coming up. I would like to especially thank George and Bill Spitz for coming. It's very interesting listening to council member Yukimura, because 30 short years ago it was your vision to get this going, so it's very exciting because Bill is here and George thank you very much for being onhand there on location at all of our sunshine mark markets, so it's an exciting time no doubt about it. The residents and visitors alike love our open markets. I want to thank all our people in the visitor industry that have posted and readily available the schedules for the farmers

markets. We have so many repeat guests that come over, whether they're at vacation rentals or many of our timeshares and what have you. So every year they know their favorite fruits and their favorite vegetables, they know the vendors, it's like seeing family and going back again. This is a very exciting time I think for us because this is a really, really good thing for the island of Kaua'i so we want to thank everybody for their (inaudible) and their input and with that I'm going to ask if we can get a deferral on this item.

Mr. Bynum: Move to defer.

Ms. Yukimura: Seconded.

Mr. Chang: Thank you. Moved and seconded. All those in favor, please say aye?

All Council members: "Aye"

Mr. Chang: Any opposed? Thank you very much. Next item madam Clerk.

Upon motion duly made by Councilmember Bynum, seconded by Councilmember Yukimura, unanimously carried, EDR 2011-02 was deferred.

Bill No. 2399      A BILL FOR AN ORDINANCE TO AMEND CHAPTER 23,  
OF THE KAUAI COUNTY CODE 1987, AS AMENDED,  
RELATING TO THE REGULATION OF BUSINESS AND  
TRADES  
[This item was deferred]

Laurie Chow, Senior Clerk Typist: Bill No. 2399, a bill for an ordinance to amend Chapter 23, of the Kaua'i County Code 1987, as amended relating to the regulation of business and trades.

Mr. Chang: Thank you very much madam clerk. I do understand that our written communications and testimonies have been circulated. My intention will be to defer this item, however I would like to ask if there are any members of the public to speak to this agenda item? Seeing none, I'm going to call the meeting back to order. My intention is to defer, however is there any discussion before the deferral?

Mr. Kawakami: Well I'm going to make a motion to approve so we can get discussion, and yes it is to defer so move to approve.

Ms. Yukimura: Seconded.

Councilmember Kawakami moved to approve Bill No. 2399, seconded by Councilmember Yukimura.

Mr. Chang: Thank you. Any discussion on the table? Thank you Council member Kawakami.

Mr. Kawakami: Thank you. I circulated a county attorney opinion, so you can all take a look at it and that's the reason for the deferral amongst some of the testimony that we received. There is still quite a bit of work that remains. So I'm going to be asking for the deferral. Let me just go over what the intent is once again. It's simple, increase profitability for our local farmers. That is the intent, very simple. I tell you the beauty of value-added, as all of these issues come up, are we going to allow existing vendors to operate and allow value-added products at their booth? Ideally, that was the first thought that came to my mind because I tell you the beauty of allowing them to offer value-added, say for example I'm a tomato farmer and I have all this b and c and lower grade tomatoes, what do I do with those tomatoes? No one is going to buy those tomatoes, so I take these tomatoes and I create a product like salsa and that's the beauty of value-added. It increases profitability and increases opportunity. I'm going to be honest with you, at some point you almost have to let the market dictate what we offer. I say that because you may have a tomato farmer that is now starts to realize that nobody is buying my tomatoes because they are buying my salsa. So you know, this is uncharted waters so we're trying to create a bill that offers as much flexibility to the administration as possible. And I'm going to be honest, as legislators, nothing is ever a done deal. If we see a need to change the law, we come back and we change the law, but there needs to be a starting point. The longer we take and I agree there is a lot of work that needs to be done but at some point I don't see this bill as ever becoming set in stone, because you know by nature of business nothing is ever set in stone. You need to be able to make adjustments and just the way that businesses are operating and this is sort of like a business enterprise within the county. It's not based on science. There is a lot of art to it and it requires flexibility so the county attorney's opinion has been circulated, take a look and give me any comments. I really look forward to all of your input into this bill, because it seems that everybody is interested. So take a look at the county attorney's opinion, I'm asking for two more weeks to continue the work and to address some of the testimonials that came through.

Mr. Chang: Thank you, council member Kawakami, any other discussion? If not, I would like to ask for a deferral?

Mr. Kawakami: So moved.

Ms. Yukimura: Seconded.

Mr. Chang: It's been moved and seconded, all those in favor, please say aye?

All Council members: "Aye".

Upon motion duly made by Councilmember Kawakami, seconded by Councilmember Yukimura, and unanimously carried, Bill No. 2399 was deferred.

Mr. Chang: Any opposed? Thank you very much. Having no further business with our Economic Development and Renewable Energy Strategies Committee, this meeting is adjourned.

There being no further business, the meeting was adjourned at 10:45 a.m.

Respectfully submitted,



Laurie Chow  
Senior Clerk Typist

APPROVED at the Committee Meeting held on April 13, 2011:



DICKIE CHANG

Chair, Economic Development & Renewable Energy Strategies Committee